



Testimony for Housing Counseling Hearing

General Comments

Good morning, I'm Rodney Jordan, vice chair of the board of commissioners of Norfolk Redevelopment and Housing Authority in Norfolk, Virginia. With me today are Lori Burden and LaShawn Fortes of the NRHA Home Ownership Center, and in the audience is Robert Jenkins, our deputy executive director.

As one of the oldest redevelopment and housing authorities in the country, we at NRHA are well aware of the benefits of raising the rate of homeownership. Not only does it strengthen Norfolk's neighborhoods and help maintain a healthy economy, it also contributes to wealth creation and has positive effects on our city's social and educational cultures.

That's why we created the NRHA Home Ownership Center. It's just one of the many innovations we've brought to our industry in recent years. Another example of how NRHA innovates is that we were the only housing agency in the nation to be awarded an allocation of New Markets Tax Credits by the U.S. Treasury in the program's first round. These tax credits are enabling us to bring amenities such as fitness centers and grocery stores into the neighborhoods we build, and those amenities in turn attract the homebuyers that we counsel to those neighborhoods.

Today through our one-stop Home Ownership Center, we demonstrate our commitment to bringing the Great American Dream of homeownership to more people every year, especially minorities. We do this by providing comprehensive and customized homeownership counseling to any prospective Norfolk homebuyer. Our center is designed to link families from all economic backgrounds to the variety of housing choices available in Norfolk, including the homes that we build.

The counseling we offer provides potential homebuyers with the tools and resources they need to become homeowners. We have programs that cover everything involved in the process of purchasing a home, from restoring credit and finding the right mortgage, to builder selection, home inspections, and foreclosure prevention. To bring a complete range of homebuying services to our clients, we've formed partnerships with banks, developers, mortgage companies, attorneys, real estate firms, and other government agencies.

Another important benefit is that through our Home Ownership Center we're able to match buyers with homes in the neighborhoods that we build as redevelopment authority. Another plus is that our center also creates demand for other NRHA services, such as rehabilitating homes and selling real estate.

- *What benefit does housing counseling provide in the homeownership and rental process?*

Our housing counseling ultimately increases homeownership in Norfolk, especially among minorities, by educating potential homebuyers about the issues involved in buying and owning a home. Our goal is to remove the barriers to homeownership by preparing clients to become mortgage-ready, enabling them to pre-qualify for loans, and informing them of the range of special financing and mortgage programs available. The post-homeownership counseling we offer enables clients to handle issues that may come up after loan closing. For some of our clients, this counseling is the first time they've learned anything about homeownership, because they come from families caught in a cycle of poverty that has prevented previous generations from becoming homeowners.

- *What types of counseling does your organization provide? Approximately how many families and individuals do you serve?*

Our housing counselors are certified through the Neighborhood Reinvestment Corporation's NeighborWorks Institute and by the Commonwealth of Virginia. We offer a 22-month counseling program through our five Homebuyers Clubs, six hours of group counseling through the Virginia Housing Development Authority (VHDA) homebuyers program, and individual counseling customized to each client's needs. We now provide counseling to more than 350 families and individuals annually. Of those, more than 50 are considered mortgage-ready, and least half of those end up buying new homes that we build in mixed-income neighborhoods. For example, in our new neighborhood of Westchurch, we have former public-housing families living next door to homeowners who earn six-figure salaries, as a result of our homeownership counseling.

- *Are you a HUD-approved agency? If so, what HUD counseling program do you utilize? What has been your experience in administering HUD counseling programs?*

Although we are not a HUD-approved agency, our mission is comparable. As with those agencies, we give advice on buying a home, renting, defaults, foreclosures, and credit issues. Our counseling programs are very similar to those offered by HUD-funded agencies and cover virtually all of the same issues.

- *What types of foreclosure counseling programs do you administer or are you aware of? Please explain the process for how a family or individual can participate in a foreclosure counseling program.*

Preventing foreclosure is addressed through the homebuying classes we offer in conjunction with VHDA. For more intensive foreclosure counseling, we refer our clients to one of our Home Ownership Center partners, Catholic Charities of Hampton Roads.

- *Do you provide, or are you familiar with, housing counseling programs that assist those families looking to rent affordable housing? If so, please outline your participation and benefits of housing counseling as it relates to the rental market.*

Yes, for our public-housing clients who are relocating, our agency provides counseling through a program called Smooth Moves.

- *Does your organization provide counseling services separate from HUD-sponsored counseling programs? If so, please explain what kind of counseling you provide?*

We offer a 22-month counseling program through our five Homebuyers Clubs, six hours of group counseling through VHDA's homebuyers program, and individual counseling customized to each client's needs.

- *How do you measure and account for success in the implementation of the housing counseling programs you administer?*

One important way we measure our success is through the number of clients who graduate from our counseling programs. We also track our clients' successes through their improved credit scores, increased savings and reduced debt, loan pre-qualification, and the ultimate goal of achieving homeownership.

- *Do you believe that there is flexibility in housing counseling programs to allow non-profits and other counseling providers to adjust to changing community needs, e.g. homeownership versus rental housing opportunities?*

Yes, the housing counseling we provide for families who rent is similar to the counseling we offer families who want to move into homeownership, although our homeownership counseling is more extensive.

- *What is the capacity of the current network of counseling providers and what and how is it necessary to account for additional technical assistance or capacity-building? Will technical assistance and capacity-building detract from providing "retail" counseling to community members?*

Because the NRHA Home Ownership Center is a local, "grass roots" counseling center, we work with people on an individual and neighborhood level. Our counselors visit schools and churches and have close relationships with neighborhood and civic associations.

- *What types of partnerships do non-profit and commercial institutions create to address issues of consumer education, particularly in light of questionable or not-so-favorable lending terms to unknowing consumers?*

The classes we offer in conjunction with VHDA educate our clients about the issues of questionable and predatory lending, as well as foreclosure prevention. Even if the financial institutions we partner with didn't require that these issues be addressed, we believe that it's our responsibility to educate and inform our clients about these unfair lending tactics.